STAYING FOCUSED ON YOUR FUTURE

Business Plan 2001-2004

Alberta Treasury Branches

We look forward to strengthening our relationship with you and serving you better.

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Alberta Treasury Branches have supported Albertans through good times and bad, in hardship and prosperity, and have always endeavoured to be Albertans' first choice financial institution. ATB was a pioneer in financial services in 1938 because it offered Albertans a new kind of relationship with a financial institution that was rooted in their community.

As financial service providers became more intensely competitive in the late 1970s and early '80s, ATB evolved to meet the changing needs of its clients in a global marketplace.

In 1996, ATB launched a Plan for the Future to greet the 21st century without sacrificing the values that have helped it to play an important role in Alberta's history. Since then, we've seen clear signs that the course we plotted was the right one. Now, in 2001, we can say that we are pioneering change again – both retaining our 'first-choice' focus and re-tooling for a new millennium.

As we focus on meeting our customers' needs, ATB's businesses have grown significantly since 1998. We are improving our risk management strategies. Our staff is increasing in knowledge and effectiveness to help us achieve our goal to provide Albertans with excellent financial advice and assistance. We are implementing new programs and providing staff with support tools to improve customer service. We have expanded our product line, tailored to our three target markets. We have improved accessibility by opening new branches and providing more channels to meet the evolving needs of our customers.

We need to stay focused on the future that we share with you, to continue on the prudent path we've chosen to make ATB Alberta's first choice for financial services. We look forward to strengthening our relationship with you and serving you better.

VISION STATEMENT

To be Alberta's first choice for financial services in three target market areas: individual financial services, agri-industry, and independent business. Albertans investing in Alberta.

MISSION STATEMENT

To provide personalized financial services to Albertans while earning a fair return.

COMMITMENTS

To meet customers' needs through innovative financial services at a competitive price.

To demonstrate integrity in all our financial decisions by reporting our performance against published targets, implementing prudent investment practices, and maintaining a secure balance sheet.

To retain the trust and confidence of our customers, staff and the people of Alberta through open and accountable communications.

To treat our customers and staff with fairness and respect.

To retain and recruit the best people through a competitive compensation program and to offer training, education and career opportunities that enable staff to achieve their full potential.

CRITICAL SUCCESS FACTORS

People

Motivated, committed and knowledgeable staff focused on sales and customer relationships.

Productivity

Continuous improvement through processes, systems and technology to deliver quality customer service while holding costs at or below industry standards.

Profitable growth

By meeting or exceeding customer expectations.

Customer access

Continuous improvement in the ability to serve customers through delivery channels they want.

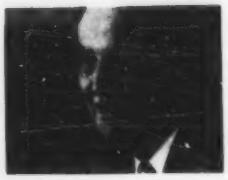
Prudent risk management

Proactively manage the balance between asset growth and asset quality through prudent risk management practices to ensure the long-term sustainability of earnings.

A MESSAGE

from the Chairman of the Board and the President and Chief Executive Officer

We speak proudly of ATB as representing "Albertans investing in Alberta." But that investment is not restricted to our customers. In 1938, ATB was conceived as a financial institution that would be focused on the needs of Albertans. This orientation has helped ATB provide unique products and services designed for Alberta market conditions for over half a century.



As the province's economy developed, ATB was faced with new challenges. The 1980s and early '90s were a time of trial. We needed to step back, redesign our business to meet competitive pressures, and renew our focus on the changing needs of Albertans. That meant changing ATB.

Five years ago, ATB launched a Plan for the Future to ensure that it remained a relevant financial institution to Albertans in the 21st century. Between March 1996 and March 1998, ATB's business declined temporarily as the organizational improvements were deployed. Although that change brought with it adversity, it has had the desired results.

A complete review of the loan portfolio resulted in new action to recover on non-performing loans. Business processes were improved, products and services refined. New products and services were developed to meet customer needs. Consequently, a profit has been recorded every quarter since 1997 and the accumulated deficit was eliminated in December 1998. Core net income increased from $30 million in 1997 to almost $105 million in 2000. Total assets grew from $8.8 billion at March 31, 1998 to $11.5 billion at December 31, 2000, an increase of 31%. This is confirmation that our renewal plan to increase our market share in the province and to better meet customer needs was effective. Our success to date also highlights the need to stay focused on the original objectives of that plan.

This business plan for 2001-04 continues on the same course set in 1996. We want to finish the initiatives underway that are proven contributors to our current success. Our focus in this planning cycle is to complete several internal processing and technology initiatives that will increase our effectiveness and capacity to support higher volumes of business. We will get there with an equal focus on developing the talents of our front-line staff, ensuring that ATB can shift seamlessly from processing transactions to providing value-added services. We will invest in staff development, improving internal business processes, and developing new products while balancing risk management to grow the business. That's people, processes and products, focused on prudent growth.

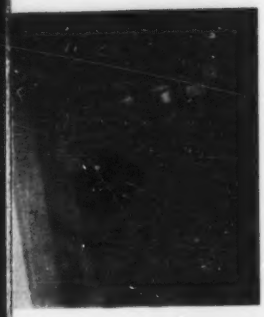
There is no final destination, no moment at which we may stop and say "we're finished." Instead, ATB has embarked on a process of continuous improvement so that we are able to meet the ever changing needs of our customers.

ATB has a proud history and a promising future. We are confident that our customers, staff and stakeholders will continue to profit through their association with us if we stay focused on our vision: to be Alberta's first choice for financial services in our target markets – individual financial services, agri-industry and independent business.

Ron P. Triffo
Chairman of the Board

Paul G. Haggis
President and Chief Executive Officer

ADDRESSING THE COMPETITION



ATB is unique in a highly competitive financial services marketplace because its activities are largely restricted to Alberta, while its chief competitors pursue national and global ambitions.

The major Canadian banks are rationalizing their business operations as they look to reduce operating costs and extend their reach into the international marketplace. This means that several of the major banks are reducing staff, closing rural branches and consolidating their operations in urban centres, in part to offset their investment in new technologies.

This provides ATB with an exceptional opportunity to expand its business by providing service enhancements to many Albertans who are being overlooked by the majors. Our focus remains clear: to be the first choice of Albertans for individual financial services, agri-industry, and independent business.

While other financial institutions are contracting, we are expanding. In 2000-01, we added new branches or completed branch relocations in Sherwood Park, Drumheller, Grande Prairie, Lloydminster and Calgary. Further development is slated for Calgary, Cochrane, Cold Lake, Edmonton, Fort Saskatchewan and Red Deer – all growing markets. Since 1996 we have opened seven new branches and renovated or relocated 32 existing branches.

Our Customer Contact Centre expansion now provides assistance to 7,000 callers daily, responding to 85% of calls to branches and enabling branch staff to focus on face-to-face customer service. The Any Time Banking™ telephone banking system provides customers with access to financial services 7 days a week.

Growth of our Internet banking service, ATB Online, has dramatically exceeded expectations. Many of our customers have adopted these new technologies to assist them in their banking.

Today, ATB serves half a million Albertans in 240 communities across the province, through 144 branches, 131 agencies, 213 automated banking machines, the Customer Contact Centre and ATB Online.

Our challenge for the future is to stay the course – to contain operational risk, complete outstanding projects, manage credit risk, and maintain loan loss experience at levels below the industry average.

In short, our task for 2001-04 planning period is to consolidate gains and optimize benefits from projects launched under our renewal plan. By March 31, 2002, new locations, ongoing information management systems, administrative processes and technologies will be in place to support further prudent growth.

ATB will be there to work with Albertans to ensure a prosperous future.

Alberta's prosperity is largely dependent upon the development of our abundant natural resources and export of related products to the United States. Though diversification of the province's economy continues – including a 50% growth in knowledge industries, such as biotechnology, telecommunications and computer software, since 1995 – the largest industries remain the oil and gas sector, petro-chemicals, agriculture and agri-foods, and tourism. Fortunately, continued high demand for Alberta's export goods insulates the province somewhat from economic uncertainties that may trouble other regions in Canada.

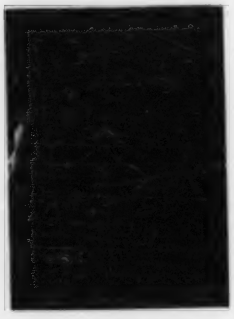
Equity markets were extremely volatile in the fiscal year 2000-01, driven primarily by a 60% decline in the value of high technology stocks. The high tech sector represents one-quarter of the equity market capitalization in the US and this decline could have a profound effect on the economic growth of our biggest trading partner.

Energy prices have tripled since January 1999, which has interesting implications for Alberta. Rising energy prices will reduce profit margins in sectors that consume large amounts of energy and could reduce global economic growth. In Alberta, however, high oil and gas prices will continue to fuel significant investment.

In other words, while there is evidence of a general economic slow down in the North American trade corridor, Alberta should be affected significantly less than other jurisdictions. Although any economic forecast must be received with caution, most analysts predict that Alberta's economy will continue to grow at modest rates through 2003. Alberta Treasury estimates there will be $25 billion in capital investment in 2001, largely in northeast Alberta and the Edmonton area as a result of oil sands development, and that investment will increase to $30 billion by 2003.

The fiscal policy of the provincial government has also encouraged investment, high employment rates and created new economic opportunities for its citizens. Skilled workers continue to migrate to the province to experience the "Alberta Advantage."

Endowed with tremendous natural resources, a highly educated workforce, modest public debt levels, and low personal and business tax rates, Alberta is poised to benefit from a significant investment boom in the period 2001-2004. ATB will be there to work with Albertans to ensure a prosperous future.



GROWTH STRATEGIES FOR THE PLANNING PERIOD

The essence of the business plan for 2001-2004 is to stay focused on the strategies that have brought us into the 21st century with renewed vigour. We need to balance loan growth with prudent risk management so as to ensure growth and the long-term sustainability of earnings.

People

The modern financial services arena has moved far beyond helping customers to manage their bank accounts and negotiate loans. While still important, these functions are being augmented by personalized financial services that offer a much broader range of options to customers. In a sense, the old-fashioned bricks-and-mortar bank with tellers behind bars has evolved into a full-service financial institution, dedicated to helping customers plan for their financial future.

ATB made a conscious effort to emphasize personal relationships between customers and staff. To recruit and retain the very best people in this new consultative model, ATB provides appropriate incentives and competitive compensation to its employees. We also offer our staff continuing education and training that will help them to better serve their customers and fulfill their career aspirations.

In 2000-2001, employees accessed over 17,000 ATB-sponsored training days to help them advance their skills. We will continue to work with the Banff Centre for Management to deliver sales leadership programs.

Finally, the ATB corporate culture will continue to promote open communication, personal accountability, mutual trust and ethical behaviour as employees are encouraged to develop to their full potential and to contribute to their communities.

Process and Capacity

Although ATB has embraced new technology to help improve customer access to financial services, some administrative processes remain largely manual even though they have been centralized to improve efficiency. Given the 30% growth in ATB's balance sheet since March 1998, our staff has been under considerable pressure to keep up with these volumes. During the next year, ATB's focus will be to streamline key processes that will increase capacity and enable staff to provide more value-added services to customers.

Centralized Administration

Several administrative functions have been centralized to improve efficiency and free front-line staff to focus their attention on customer relations instead of paperwork. We will continue to streamline administrative processes for services such as consumer loans, mortgage renewals, land titles and other paper-intensive tasks.

Information support

As customer expectations of their financial institution move beyond handling simple transactions, our staff need easy access to comprehensive information about our customers to help them preserve, manage, and grow the wealth they have invested, and to responsibly manage their debt. We are developing and deploying new information management systems that will enable staff to understand customer needs better and dispense effective financial advice.

Our Customer Contact Centre is proving to be of increasing value to our customers. The Any Time Banking™ telephone banking system provides customers with access to financial services seven days a week.

Customer access

As noted earlier, many of the major banks are rationalizing services and reducing their presence, especially in rural Alberta communities as they focus on other markets. ATB is following a somewhat different approach.

Our commitment to retail banking means further expansion in 2001 to better serve customers with a preference for face-to-face banking. We will be adding three new branches – Calgary Crowfoot, Red Deer South and Edmonton Rabbit Hill Road – and relocating five existing branches in Cochrane, Calgary, Cold Lake, Edmonton, and Fort Saskatchewan. Eight other branches are scheduled for renovation.

We expect electronic service delivery to become more important over time. We will strengthen our presence in Calgary and extend our reach to other areas through the Customer Contact Centre.

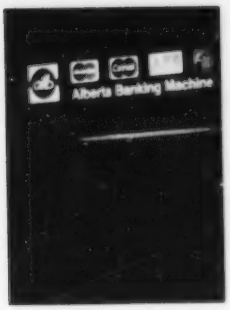
In 2000, ATB opened an innovative concept in Calgary that we are evaluating as a model for improved service to independent business. The Calgary Business Kiosk provides the first large volume commercial depository electronically linked to an automated banking machine. This state-of-the-art small business centre provides temporary office space, computer and Internet access, real-time stock market quotations via closed-circuit television, and a small boardroom with video-conferencing facilities that can be used by our customers when meeting with clients or investors. As our evaluation of this 'pilot' continues, we will explore opening similar offices in other locations.

Our Customer Contact Centre is proving to be of increasing value to our customers. The Any Time Banking™ telephone banking system provides customers with access to financial services seven days a week. In just the first five months of operation, thousands of customers have enrolled for the ATB Online Internet banking service. These new service delivery vehicles will be expanded to complement our retail banking network.

Prudent growth

Deposit and loan growth has slowed for most Canadian financial institutions as customers become more sophisticated and seek alternative vehicles to protect and grow their personal wealth. ATB, in contrast, has experienced solid growth in both these areas.

ATB has offered over 250 new financial products to Albertans in the past four years, 74 of those in 2000-01 alone. Highlights include the cash-back mortgage, the sale of mutual fund products, the Springboard GIC, our very successful equity-linked GICs, and a complete overhaul of the MasterCard® product line. We will continue to develop innovative financial products and services that meet the needs of Albertans.



Prudent risk management

The integrity of our balance sheet is the heart of our business. As a regional financial institution, ATB's value is determined by the concentration of its loan portfolio in Alberta. At the present time, Alberta's economy translates into an advantage but it remains critical that ATB continue to experience loan losses at levels compared to its more geographically diversified peer group.

There are two components that contribute to effective risk management. The first is to complete current projects that will enhance our ability to monitor assets and liabilities and to adapt to meet changing circumstances. The second is to implement new initiatives that strengthen the risk management function.

Key risk management initiatives will include:

- Full implementation of decision support tools by the second quarter of 2001-2002, such as the Credit On-line Technology (COLT) project. Full implementation of COLT will expedite the consumer loan approval process meaning that customers will receive a decision on their application more quickly.
- Operational risk management enhancement.
- Establishment of a Credit Policy and Compliance Group.
- Collection procedures are being upgraded, with a view to automating the consumer loan collection system.

Base budget

ATB has been able to hold the line on spending for the past three years but increasing volumes are placing pressure on our systems and wages, utility and other costs are also increasing. To address rising costs, additional funds will be allocated to ATB's base budget in 2001-2002; the largest portion of the increase is related to compensation and benefit adjustments to attract and retain talent.

Reinvesting in ATB now, after we have established a clear pattern of growth, will provide meaningful dividends to ATB and its customers in the future.

Performance measures

ATB has committed to reporting our performance against published targets in our annual report.

For the period addressed in this business plan, our performance measures include:

- expenses to operating revenue
- loan growth
- deposit growth
- other income growth to total income
- interest spread
- loan loss provisions as a percentage of total loans.

STAYING FOCUSED

ATB has demonstrated striking results since launching its renewal plan in 1996. We have met the challenge of an increasingly competitive environment and broadened the scope of financial services that we offer to Albertans.

We have been able to do this by focusing on the critical success factors and three target markets that have helped us to map a clear road to the future. We're proud of what we've accomplished so far but we're prouder still of where we are going.

We're going to stay focused; we're going to strengthen our commitment to Albertans; we're going to demonstrate wise management and prudent growth.

And we're going to do all of this with you. Albertans investing in Alberta. Yesterday, today and tomorrow.

For more information about ATB, please contact

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